

RECORDATION NO. 20146-B FILED

APR 23 '97

11-15 AM

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OF COUNSEL
URBAN A. LESTER

April 18, 1997

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies of a Mortgage and Security Agreement, dated as of April 18, 1997, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Railroad Car Lease Agreement, dated as of June 4, 1996, which was previously filed with the Board under Recordation Number 20146.

The names and addresses of the parties to the enclosed document are:

Borrower Radnor Rail, Ltd
150 Stafford Avenue, Suite 112
Radnor, Pennsylvania 19087

Lender ING Lease (Ireland) B V
49 St. Stephens Green
Dublin, Ireland

A description of the railroad equipment covered by the enclosed document is.

170 railcars bearing BAR reporting marks and road numbers set forth on
Schedule I attached thereto

Mr. Vernon A. Williams
April 18, 1997
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Also enclosed is a check in the amount of \$24 00 payable to the order of the
Surface Transportation Board covering the required recordation fee

Kindly return one stamped copy of the enclosed document to the undersigned

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Alvord", with a long horizontal flourish extending to the right.

Robert W Alvord

RWA/bg
Enclosures

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MORTGAGE AND SECURITY AGREEMENT

THIS MORTGAGE AND SECURITY AGREEMENT dated as of April 18, 1997 (the "Security Agreement") is executed by RADNOR RAIL, LTD., a Pennsylvania corporation ("Borrower"), in favor of ING LEASE (IRELAND), B.V., acting through its Dublin Branch ("Lender"), parties to the Loan Agreement referred to below.

RECITALS:

A. Borrower and Lender, have entered into a Loan Agreement dated as of April 18, 1996 (the "Loan Agreement"), providing for the commitment of Lender thereunder to make a Loan to Borrower.

B. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Loan Agreement.

SECTION 1. GRANT OF SECURITY.

To secure the payment of the Obligations, Borrower does hereby convey, warrant, mortgage, assign, pledge and grant to Lender a security interest in all and singular of Borrower's right, title and interest in and to the properties, rights, interests and privileges described in Sections 2.1, 2.2 and 2.3 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

SECTION 2. DESCRIPTION OF COLLATERAL.

The Collateral includes:

2.1. Cars. The railcars described in Schedule 1 attached hereto and made a part hereof constituting the Cars (the "Car") leased and delivered under the Railroad Car Lease Agreement between Borrower, as lessor, and Bangor & Aroostook Railroad Company, as Lessee ("Lessee") dated as of June 4, 1996 (the "Lease"); together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Cars hereinabove described, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Cars, together with all the rents, issues, income, profits and avails therefrom.

2.2. Rental Collateral.

(a) All right, title, interest, claims and demands of Borrower as Lessor in, to and under the Lease, the Lessee Consent, the Sale Agreement between Borrower and Lessee dated as of June 4, 1996, any other lease or rental agreement and warranties of any type relating to the Cars, together with all renewals, amendments and modifications

thereof (collectively, the "Assigned Documents"), including without limitation (i) the immediate and continuing right to receive and collect all rent, Casualty Value payments (as reforeworded in Section 3(B) of the Lease), insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by Lessor under the Lease or any replacement lease, (ii) the right, subject to Section 9.1 of the Loan Agreement, to take such action upon the occurrence of a Lease Event of Default under the Lease or any replacement lease or an event which, with the lapse of time or the giving of notice, or both, would constitute a Lease Event of Default under the Lease or any replacement lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or replacement lease or by law, and to do any and all other things whatsoever which Borrower or any lessor is or may be entitled to do under the Lease or any replacement lease, (iii) all other rights of Borrower to exercise any election or option or to make any decision or determination or to give or receive any notice, consent, waiver or approval or declaration of default or to take any other action under or in respect of any Assigned Document, and (iv) all rights of Borrower under the Lease with respect to the Receivables as defined therein;

(b) any sublease, assignment, or user contract relating to the Cars, together with all renewals of any such sublease, assignment, or user contract executed or in effect from time to time, and all payments, including, without limitation, all payments of rent, all insurance proceeds (other than public liability insurance proceeds) (including, without limitation, return premiums) and all other amounts due or to become due thereunder;

(c) any right to restitution from any party to any Assigned Document in respect of any determination of invalidity of any Assigned Document; and

(d) all instruments, documents of title, books and records of Borrower concerning the foregoing property, including, without limitation, all data and records of inspection, modification, maintenance and overhaul and component lists and manuals relating to the Cars;

it being the intent and purpose hereof that the assignment and transfer to Lender of said present and future right, title, interest, claims and demands of Borrower in, to and under the Assigned Documents shall be effective and operative immediately and shall continue in full force and effect, and shall include, without limitation, all rights of Borrower (i) to exercise any election or option, or make any decision or determination, to give any notice, consent, waiver or approval under or in respect of any Assigned Document, and (ii) to collect and receive all rent, Casualty Value payments, and other sums relating to the Lease or the Cars for application in accordance with the Loan Agreement at all times after the date of this Security Agreement until the Obligations have been fully paid and discharged.

2.3. Proceeds. All proceeds of the foregoing Collateral. The term "proceeds" as used in this Security Agreement includes whatever is receivable or received when Collateral or proceeds is sold, leased, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes, without limitation, all rights to payment, including return premiums, with respect to any insurance relating thereto.

SECTION 3. REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants that the representations and warranties contained in Section 4 of the Loan Agreement are true and correct as of the execution of this Security Agreement and that such representations and warranties shall survive the execution and delivery of this Security Agreement.

SECTION 4. DEFAULTS AND OTHER PROVISIONS.

The term "Event of Default" for all purposes of this Security Agreement shall have the meaning given in Section 8 of the Loan Agreement. When an Event of Default exists, Lender may exercise any and all rights available to it pursuant to Section 10 of the Loan Agreement.

SECTION 5. MISCELLANEOUS.

5.1. Successors and Assigns. This Security Agreement shall be binding upon and inure to the benefit of Borrower, Lender and their respective successors and assigns.

5.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision herein contained unenforceable or invalid.

5.3. Notices. All notices provided for herein shall be deemed to have been duly given or made when delivered in compliance with Section 11.9 of the Loan Agreement.

5.4. Amendments. This Security Agreement may only be amended or supplemented by an instrument or instruments in writing executed by the party against whom enforcement is sought.

5.5. Governing Law. This Security Agreement shall be construed and enforced in accordance with and governed by the laws of the State of New York.

IN WITNESS WHEREOF, Borrower has caused this Security Agreement to be executed, as of the day and year first above written.

RADNOR RAIL, LTD.

By: *W. J. Zehr*
Title: *President*

Notarial Seal
Karen W. Maffei Notary Public
Radnor Twp., Delaware County
My Commission Expires Dec. 4, 2000
Member, Pennsylvania Association of Notaries

Karen W. Maffei

Exhibit A

Schedule of Cars

Fifteen (15) 9050-9069 Series Cars

Bar	9050	9060
	9051	9061
	9052	9063
	9054	9065
	9055	9066
	9057	9067
	9058	9068
	9059	

Seventy-nine (79) 6700 Series Cars

Bar	6700	6717	6733	6751	6770	6786
	6702	6719	6735	6754	6771	6787
	6703	6720	6737	6756	6772	6788
	6704	6721	6738	6757	6773	6789
	6706	6723	6739	6758	6774	6790
	6707	6724	6740	6759	6776	6791
	6709	6725	6741	6760	6778	6793
	6711	6726	6742	6761	6780	6794
	6712	6727	6743	6763	6781	6795
	6713	6728	6744	6764	6782	6796
	6714	6729	6745	6765	6783	6797
	6715	6730	6746	6767	6784	6798
	6716	6731	6749	6768	6785	6799

9079 was 6775

Seventy-six (76) 6500 Series Cars

Bar	6522	6580	6612	6632	6648	6670
	6533	6584	6614	6633	6649	6672
	6534	6586	6617	6635	6650	6682
	6545	6589	6618	6637	6651	6683
	6552	6591	6619	6638	6654	6686
	6556	6594	6620	6640	6655	6688
	6559	6597	6621	6641	6656	6689
	6563	6602	6623	6642	6658	6690
	6564	6603	6624	6643	6660	6695
	6568	6606	6625	6644	6664	6696
	6570	6607	6626	6645	6665	6699
	6572	6609	6629	6646	6667	
	6575	6610	6630	6647	6668	